GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:730
ANSWERED ON:22.11.2002
EXCISE DUTY ON LIFE SAVING DRUGS
DR. KIRIT SOMAIYA

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Excise Department have started levying 60 percent excise duty on imported life-saving drugs, not manufactured in India;

(b) if so, whether no custom duty, counter-value duty is levied on that;

(c) if so, the reasons for levying 60 percent excise duty;

(d) whether, the Government have received several representations from MP`s Health Ministry, Cancer Patients Association and from others in this regard; and

(e) if so, the details thereof with action taken or likely to be taken by the Government on the representations?`

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE & CO.AFFAIRS (SHRI GINGEE N.RAMACHANDRAN)

(a) No, Sir

(b)& (c) do not arise in view of (a) above.

(d) & (e) The life saving drugs and medicines covered under List4 of notification No.21/2002-Customs dated 1-3-2002, are fully exempt from all import duties. In terms of note 5 to chapter 30 of Central Excise Tariff, the activity of labeling/re-labelling amounts to manufacture. As such these imported drugs were also liable to excise duty of 16% when labeled or relabeled so as to comply with the provisions of Drugs and Cosmetics Act, 1940 and Drugs (Prices Control) Order, 1995. A number of representations were received requesting for exemption from excise duty in this case. After examination of the whole issue Government have exempted, Life saving drugs or medicines specified in List 4, appended to the notification No.21/2002-Customs,dated 1-3-2002, when labeled or relabeled so as to comply with the provisions of Drugs and Cosmetics Act, 1940 and Drugs (Prices Control) Order, 1995, from central excise duty vide notification No.55/2002- Central Excise dated 7-11-2002.